

At the meeting of the Public Service Commission of the State of Montana held at the Commission's Offices in Helena, Montana, on Tuesday, October 25, 2005, at 9:30 a.m., the following members were present:

Greg Jergeson, Chairman
Brad Molnar, Vice Chairman
Doug Mood, Commissioner
Robert H. Raney, Commissioner
Thomas J. Schneider, Commissioner

APPEARANCE

Eric Eck, Utility Division

(403) In the matter of Black Hills Power – Docket No. D2005.9.144, on September 22, 2005, DHP filed a Quarterly Fuel Rate Rider application. A Notice of Opportunity for Public Hearing was issued on September 23, 2005. Requests for hearing were due by October 24, 2005. No requests have been received. This application will increase revenues by \$36,152 over the base cost of fuel approved in Docket No. 83.4.25. A default order has been drafted.

Commissioner Raney moved to grant BHP's quarterly fuel rate rider application. Commissioner Schneider seconded the motion, which passed unanimously.

APPEARANCE

Kim Moran, Utility Division

(404) In the matter of Qwest Services Corporation – Docket No. N2005.10.149, on October 3, 2005 Qwest files for Commission approval a Master Service Agreement (MSA) between Qwest and Costco Telecommunications Services, Inc. This filing was submitted pursuant to *Section 2.18 – Volume and Term Discounts to Large Business Customers with a Multi State Presence of Qwest's Exchange and Network Services Tariffs*. The MSA is the result of a competitive bidding process to provide Digital Switched (DSS) services.

Commissioner Schneider moved to approve Master Service agreement between Qwest and Costco Telecommunications Services, Inc. Commissioner Mood seconded the motion, which passed unanimously.

(405) In the matter of Qwest Services Corporation – Docket No. N2005.10.152, on October 7, 2005 Qwest filed for Commission approval a Master Service Agreement (MSA) between Qwest and Borders Group, Inc. This filing was submitted pursuant to *Section 2.18 – Volume and Term Discounts to Large Business Customers with a Multi-State Presence of Qwest's Exchange and Network Services Tariffs*. The MSA is the result of a competitive bidding process to provide a Business Line Volume Purchase Plan for qualifying services associated with the aggregate volume purchase of business access lines.

Commissioner Mood moved to approve Master Service Agreement between Qwest and Borders Group, Inc. Commissioner Schneider seconded the motion, which passed unanimously.

APPEARANCE

Wayne Budt, Administrator
Transportation & Centralized Services Division

(406) In the matter of TN2280 – Thomas F. Kenneally, Butte, Montana requests permission to continue the lease of PSC No. 4448 to The McGree Corporation, Butte, Montana for a twelve month period, October 12, 2005 to October 12, 2006.

Commissioner Raney moved to renew the lease as it was applied for. Commissioner Raney seconded the motion, which passed unanimously.

(407) In the matter of approval of Commission Minutes for the week of October 17, 2005:

Commissioner Mood moved to approve the Commission Minutes for the week of October 17, 2005. Commissioner Raney seconded the motion, which passed unanimously.

APPEARANCE

Robin McHugh, Administrator of Legal Division
Lori Sandru, Utility Division

(408) In the matter of the Commission's discussion of Docket No. D2005.10.157 - Kristi Biegel - Formal Complaint filing against Qwest TIC charges;

Commissioner Schneider moved to treat the Oct 13th memo to the PSC, c/o Lori Sandru, from Kristi, Jim, and Kathy Biegel, as a formal complaint; to waive as necessary procedural requirements at ARM 38.2.2102; and to issue a Notice of Complaint to Qwest Corporation. Commissioner Raney seconded the motion, which passed unanimously.

APPEARANCE

Leroy Beeby, Utility Division

(409) In the matter of the Commission's discussion of Docket D2004.11.186 - NWE Property Tax Tracker Final Order;

Commissioner Schneider moved to approve as permanent, the interim rates approved in Docket D2004.11.186, Order 6621. Commissioner Jergeson seconded the motion, which passed unanimously.

APPEARANCE

Martin Jacobson, Legal Division
Will Rosquist, Utility Division

(410) In the matter of the Commission's discussion of Docket D2004.7.99, D2004.12.192, D2005.6.106 - NWE, PSC - NWE gas and electric USB consolidated dockets;

Commissioner Raney moved to direct NorthWestern Energy to move, under the market

transformation program, the NWE efficiency alliance, energy star home products, and building certification out of that program; and further the Commission tell NWE in our order that any of these programs that are cost efficient that are moved to default supply will look upon with favor.

Commissioner Raney withdrew his motion.

Commissioner Raney moved to accept the option titled "Greg and Bob." Commissioner Jergeson seconded the motion.

Commissioner Schneider moved to have a substitute motion to adopt option 3c with the following modifications: reduction generation-education under renewables \$100,000 and the elimination of the low income write-off component of \$154, 163. This motion died for lack of a second.

Commissioner Molnar moved to amend the original motion of Commissioner Raney by moving \$129,843 for additional audits and shift it to low income weatherization. Commissioner Raney seconded the motion, which passed with a vote of 4 to 1. Commissioner Jergeson voted no.

Commissioner Schneider moved to amend the original motion of Commissioner Raney with an increase low-income natural gas discount from 0 to 15% in the summer and to reduce allocation to Energy Share by a like amount. Commissioner Mood seconded the motion, which failed with a vote of 2 to 3. Commissioner Jergeson, Commissioner Molnar and Commissioner Raney voted no.

The vote on the original motion with amendments, would read: Commissioner Raney moved to accept the option titled "Greg and Bob" with an amendment to the motion to move \$129,843 for additional audits and shift it to weatherization. The motion as amended passed 4 to 1. Commissioner Schneider voted no.

Commissioner Raney moved to draft language that would provide the 25% and 30% discount be made available to qualifying consumers for Nov. and Dec. 2005 from available uncommitted funds in USB accounts. Commissioner Mood seconded the motion, which passed unanimously.

Commissioner Schneider moved to reconsider our action related to the summer discount and to include summer discount for natural gas at 10% and have the requisite reduction increase applied to Energy Share. This motion died for lack of a second.

(411) In the matter of the Commission's discussion of N2005.6.101 - NWE natural gas procurement rules or tariffs;

Commissioner Schneider moved that the Commission consider the matter of requiring a filing of prudently incurred transaction costs related to hedging in the gas tracker proceeding, and that action be taken on that, and that it be noticed for action at the next work session. Commissioner Raney seconded the motion.

Commissioner Schneider withdrew his motion. Commissioner Raney withdrew his second.

Commissioner Schneider moved that the Commission issue a Notice of Opportunity to Comment on its intention to direct NorthWestern to file revised gas tracker language to provide for the recovery of prudently incurred transaction costs relating to derivatives-type hedging tools, for its review and ultimate approval, in a "hedging" proceeding which should be received by November 9, 2005. Commissioner Raney seconded the motion, which passed unanimously.

APPEARANCE

David Burchett, Utility Division

(412) In the matter of the Commission's discussion of Docket D2004.10.168 - Miller Oil - Miller Old dba City Line increase in rates for propane service in the Culbertson, MT service area;

Commissioner Jergeson moved to approve the final order as drafted. Commissioner Molnar seconded the motion, which passed unanimously.

There being no further business to come before the Commission the meeting was adjourned.

GREG JERGSON, Chairman

BRAD MOLNAR, Vice Chairman

DOUG MOOD, Commissioner

ROBERT H. RANEY, Commissioner

THOMAS J. SCHNEIDER, Commissioner

ATTEST:

Judy Scheier
Commission Secretary

(SEAL)

Commission's Offices in Helena, Montana, on Thursday, October 27, 2005, at 9:00 a.m., the following members were present:

Greg Jergeson, Chairman
Brad Molnar, Vice Chairman
Robert H. Raney, Commissioner
Thomas J. Schneider, Commissioner

Commissioner Mood was absent.

APPEARANCE
Martin Jacobson, Legal Division
Mike Lee, Utility Division

(413) In the matter of the Commission's discussion of reply comments to be filed with the Federal-State Joint Board on Universal Service;

Commissioner Raney moved to direct staff to adopt revise draft reply comments with suggested edits. Commissioner Schneider seconded the motion, which passed 4 to 0.

APPEARANCE
Candace Beery, Utility Division

(414) In the matter of the Commission's discussion of Organization of MISO States OMS Board of Directors special meeting - discuss and seek direction from the Commission concerning recommendations of the OMS Pricing Work Group to be considered in a Special Meeting of the Organization of MISO States Board of Directors on October 27th;

Commissioner Jergeson moved that the Montana PSC refrain from supporting two proposals from the OMS Pricing Work Group and the Wisconsin Commission regarding MISO's cost allocation tariff. The OMS will submit comments to FERC on October 28, 2005. Commissioner Molnar seconded the motion, which passed 4 to 0.

Commissioner Jergeson moved to support the technical comments prepared by staff for Indiana-Montana provided that the final sentence in the draft indicating support for the stakeholder proposal was deleted or changed to no position on support. Commissioner Molnar seconded the motion, which passed 4 to 0.

There being no further business to come before the Commission the meeting was adjourned.

GREG JERGSON, Chairman

BRAD MOLNAR, Vice Chairman

ROBERT H. RANEY, Commissioner

THOMAS J. SCHNEIDER, Commissioner

ATTEST:

Judy Scheier
Commission Secretary

(SEAL)